From: <u>Jeanne Briskin</u>
To: <u>Michael Overbay</u>

Subject: Re: Call will Chesapeake yesterday

**Date:** 05/02/2012 09:58 AM

Thanks for the update. I put a call in to OGC on indemnification. I'll check w/Ramona on the letter.

Dave et al can weigh in re USGS

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▼ Michael Overbay---05/02/2012 09:43:01 AM---Steve Acree and I spoke with Chris Hill and Bert Smith from Chesapeake yesterday afternoon. There w

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Date: 05/02/2012 09:43 AM

Subject: Call will Chesapeake yesterday

Steve Acree and I spoke with Chris Hill and Bert Smith from Chesapeake yesterday afternoon. There were some interesting things that came out of it:

- Chris said that Chesapeake had agreed to the use of horizontal wells. I said that was new, and important. He said it had been in the letter from Stephanie to Ramona, but I pointed out that, no, it discussed that we had alleviated some concerns, but they still had others, and it did not say they accepted them. He then said that after we agreed to the 30' buffer zone around their well, they are OK with horizontal wells, if needed.
- And since they have accepted horizontal wells, they now are saying that since our logic for not spending EPA money to do the site characterization (i.e., that we didn't want to spend

anymore money on the site if we couldn't put the monitoring wells where we needed them) is not an issue anymore, they could face some reluctance from their managers about providing the funding to do the site characterization work, and he asked if EPA could pay a portion of the costs for this effort. I said I would check, but that even if we could do some of the work with EPA contractors, the timeline for getting funding and lining up the contractor would be a significant delay. He expects to have an initial response from CHK management on funding this work by Monday.

- Chris asked if EPA could do the site characterization with the folks from Ada, but we said no, both because of needs for equipment we don't have, and conflicts with personnel schedules not allowing that level of effort in the time frame we need it.
- They have now secured landowner access, including for EPA, but at this point it only allows monitoring wells within 30 feet of the pad. We agreed that the access agreement would need to be modified if horizontal wells are used, because of the need to be further out to achieve the necessary angle, but Chris thought the landowner was cooperative and would be fine with that. It will have to be modified anyway to allow for the monitoring well along the lateral.
- Chris indicated that the liability issue for our drilling near their gas well was "not on the critical path," and did not have to be resolved before the site characterization work would be done, as the horizontal wells would not be drilled for some time.
- We need to get them a response to Stephanie's letter and the tech memo she sent. I will do a first draft by COB tomorrow, but expect to need help on some of the issues. Doug, Steve and Randall, I will send it to y'all for review and expansion, but if we need to get E&E involved, try and let me know quickly after you read it.
- We need to talk to E&E about the QAPP, the plugging and abandonment plan (which Chris also indicated is not on the critical path as far as E&E is concerned), the field work oversight (CHK also intends to use SAIC for most of the field work oversight, rather than CHK people), etc. Susan, can you set a call up for tomorrow afternoon (after Doug has had a chance to get back in the office) with E&E?
- I need to let the USGS know we are not going to use them on this project. CHK told us that their commercial contractors (Century Geophysics and Earth Data) will do the same work for 25% of the cost, and they are definitely going to use them (unless we pay and want to use USGS).

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 We also received the proposal for how they will be characterizing the OK site yesterday, and need to review it quickly (COB next Tuesday?). I will be sending Steve Vandegrift the proposal so they can review what additional information needs to be included from a QAPP standpoint. I spoke with him a few days ago, and I know he is swamped, but hopefully a week will do (it is 16 pages, a little of 6 in text, the rest in tables and figures).

Mike

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